

Proposed Rule “X”

PERSONAL FINANCIAL DEALINGS WITH CLIENTS

X.1 A Registered Representative, Investment Representative, Director, Executive, Supervisor, or employee of a Dealer Member must not, directly or indirectly, engage in or permit any associate to engage in, any personal financial dealings with clients.

X.2. Personal financial dealings include the following types of dealings:

(1) Benefits or other consideration

- (i) Accepting any material consideration, including remuneration, gratuity or benefit, from any person other than the Dealer Member for any activities conducted on behalf of a client.
- (ii) Consideration that is non-monetary, of minimal value, and infrequent such that it will not cause a reasonable person to question whether it created a conflict of interest or otherwise improperly influenced the Dealer Member, its employees or agents would not be considered to be material consideration.

(2) Private settlement agreements

- (i) Entering into a private settlement agreement with a client; or
- (ii) Paying for client account losses out of personal funds without the Dealer Member’s written consent.

(3) Borrowing from clients

- (i) Borrowing money, securities or any other assets from a client, unless:
 - (a) The client is a financial institution whose business includes lending money to the public and the borrowing is in the normal course of the institution’s business; or
 - (b) The client is a Related Person as defined by the Income Tax Act (Canada) and the transaction is addressed in accordance with the Dealer Member’s policies and procedures; and
 - (c) In the case of Registered Representatives and Investment Representatives, the arrangement set out in paragraph (b) is disclosed to and approved by the Dealer Member.

(4) Lending to clients

- (i) Lending money, securities or any other assets to a client or incurring any other liabilities for a client, unless:
 - (a) the client is a Related Person as defined by the Income Tax Act (Canada) and the transaction is addressed in accordance with the Dealer Member's policies and procedures; and
 - (b) In the case of Registered Representatives and Investment Representatives, the arrangement is disclosed to and approved by the Dealer Member.

(5) Power of Attorney

- (i) Acting as a power of attorney, trustee, executor or otherwise having full or partial control or authority over the financial affairs of a client, unless:
 - (a) The account is a discretionary or managed account and the authority exercised is consistent with the Corporation's applicable requirements; or
 - (b) The client is a Related Person as defined by the Income Tax Act (Canada) and the existence of such control is addressed in accordance with the Dealer Member's policies and procedures; and
 - (c) In the case of Registered Representatives and Investment Representatives, the arrangement in Paragraph (b) is disclosed to and approved by the Dealer Member.

Amendments to IROC Dealer Member Rule 18.14

18.14.

(1) A Registered Representative or Investment Representative may have, and continue in, any business activity outside of the Dealer Member, including another gainful occupation if:

~~(a)~~

- ~~(i) — Either the Registered Representative's or Investment Representative's other gainful occupation is in a remote area where there is no office of a broker or dealer in securities and the Registered Representative's or Investment Representative's activities as such are limited to such remote area in which he or she resides; or~~ (ii) The securities

Attachment A

commission in the jurisdiction in which the Registered Representative or Investment Representative acts or proposes to act as a Registered Representative or Investment Representative, or the securities legislation or policies administered by such securities commission, specifically permit him or her to devote less than his or her full time to the securities business of the Dealer Member employing him or her;

- ~~(b) Repealed.(c)~~ — The Dealer Member establishes and maintains procedures acceptable to the Corporation to ensure continuous service to clients and to address potential problems of conflict of interest;
- ~~(d) Any other occupation of the(c)~~ The Registered Representative or Investment Representative informs the Dealer Member of the outside business activity and obtains the Dealer Member's approval to engage in such outside business activity;
- (d) The Dealer Member notifies the Corporation of the outside business activity within the time period and manner required by the applicable National Instrument; and
- (e) The outside business activity is not

 - (i) One which would bring the securities industry into disrepute; or
 - (ii) With another dealer that is a member of a recognized self-regulatory organization unless

 - (1) Such dealer is a related company of the Dealer Member employing the Registered Representative or Investment Representative and the Dealer Member and related company provide cross-guarantees pursuant to Rule 6.6, and
 - (2) Such ~~dual employment~~outside business activity is not contrary to the provisions of the applicable securities legislation or any policy made pursuant thereto.